



Sprint Phone Cards are issued to travelers and should be used for all long distance phone calls and all local calls if the hotel charges for local calls. Calls should not be made directly through the hotel phone system. This will eliminate the need to include long distance calls on expense reports and result in substantial savings to the Company.

Parking fees

Airport parking must be long term. If you use short-term parking you must reimburse the company for the difference between long and short-term rates. The travel site lists some discount parking opportunities.

Laundry and valet

Laundry and valet charges are personal expenses and are not usually reimbursable. Exceptions could occur if the trip is unexpectedly delayed or is for more than one week.

Entertainment expenses

Entertainment expenses are reimbursable only when incurred for a clear business purpose. To comply with Internal Revenue Service regulations, an explanation of the entertainment expense including names/titles of the guests (and the companies they represent, if from outside of the Company), locations, and business purpose must be shown on the expense statement.

Tips

The commonly accepted rate for tips is 15% for restaurants and taxi drivers and \$1 per bag for airport and hotel porters when their services are used.

Miscellaneous

Additional expenses incurred at home resulting from the absence of the associate, such as baby-sitting fees, grass cutting, etc. are not reimbursable. The Company will not reimburse memberships for airline, athletic or country clubs. Monthly dues for associates and other associates are the responsibility of the associate.

Spousal travel is generally a non-reimbursable expense. A Department Head must approve any travel that involves your spouse or companion, or weekend travel as a reimbursable expense beforehand. Weekend travel is allowed as long as the cost of the weekend is less than the cost to fly home for the weekend.

FredMeyer**Out of pocket expenses**

The Travel Card should be used whenever the card can be used. In some instances, out of pocket expenses will need to be reimbursed, i.e. mileage, tips, parking meters, etc. The Wells Fargo program has a feature that will pay out of pocket expenses via the web. When out of pocket expenses need to be reimbursed, the traveler will need to logon to the Wells Fargo page and insert the out of pocket expenses. The business purpose will need to be included just like any other charge. Once the traveler approves these out of pocket expenses, management will be sent a message to approve these expenses. The payment for out of pocket expenses will be consistent with the payroll cycle. Refer to the Wells Fargo link on the Barneyweb travel website for a tutorial on submitting out of pocket expenses.

Accounting for travel expenses during work stoppages

- ◆ All reservations need to be made using Corporate Travel.
- ◆ Each Controller will be assigned an additional credit card that should only be used during these work stoppages.
- ◆ Each associate will be given a copy of the corporate travel policy before being deployed to the strike affected division. Associates will be reminded they are to follow the corporate travel policy.
- ◆ Each associate that is assigned to the work stoppage is required to maintain copies of all receipts; these receipts must be submitted to the divisions' finance department for reconciliation.
- ◆ Each divisions' finance department will be responsible for reconciling the credit card charges to the appropriate receipts each period.
- ◆ For car rentals, Corporate Travel has setup a direct billing program with the rental car agencies for circumstances where the associate does not have a credit card and needs a car rental. These charges should not be made to the division's assigned credit card.
- ◆ Each associate that is assigned to the work stoppage location will need to submit a copy of their driver's license to the divisions' finance department if a car rental is reserved.
- ◆ Corporate Travel will be responsible for making all reservations to the appropriate divisions credit card.

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3.4 Expense Reporting (06/04)

Statement

This policy describes the guidelines and time frame established by Fred Meyer and the Internal Revenue Service for reporting business expenses and expense advances.

Scope

This policy applies to all Fred Meyer Stores employees.

Effective date

This policy is effective immediately and supersedes any previous policies.

Policy owner

Route all policy questions and suggested updates to the Senior VP, Chief Financial Officer.

Violation of this policy

Employees who violate this policy will be subject to disciplinary action up to and including termination.

FredMeyer**Guidelines for expense reporting**

For those expenses not paid for using the Corporate VISA travel card, use the *Business Expense Statement/Settlement* form (M344) to report trip expenses. Follow the guidelines below to ensure expense report forms are completed properly.

Note: If Accounting receives an expense report missing receipts or other critical information, the report will be returned to the person approving the employee's travel for correction.

The following documents must be attached to your expense report:

- ◆ All receipts normally obtainable

Example: Meals, taxis/shuttles, parking, and receipts for incidentals over \$10 and/or copies of paid bills for each item reported

- ◆ The yellow copy of your *Request for Trip Approval/Expense Advance* form (M529) if an advance was obtained
- ◆ A copy of your itinerary
- ◆ A brochure of the seminar/meeting attended (if applicable)

When filling out the expense form, be sure to include the following:

- ◆ Use the name that appears on your payroll check (no nicknames)
- ◆ Fill in your complete home mailing address
- ◆ Calculate mileage from beginning destination to ending destination. For example, if you began at MO, stopped at several locations, and ended at MO, you would record it as MO, TU, BT, WR, RH, MO
- ◆ Tape (*do not staple*) receipts smaller than 4 inch by 4 inch to an 8-½ x 11 inch sheet of white paper. Tape as many receipts as possible to one sheet of paper
- ◆ Itemize and explain all personal expenses; for example, personal use of a rental car, and list the dollar amount in the column marked "Less Personal"
- ◆ Double check your math to ensure totals are accurate

If you have further questions about completing the expense form, call the Travel Desk at (503) 797-5208.

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Corporate VISA card reporting expenses

The Company will pay VISA directly for the charges made on the VISA travel card.

The Corporate VISA travel card is not intended for personal use. However, the company recognizes that personal expenses may be incurred, such as:

- ◆ When items are charged to a hotel room
- ◆ A rental car is kept for personal use at the end of a business trip

These items may be charged to the corporate card and then reimbursed via the reconciliation process.

The process for reporting expenses on the VISA travel card is:

Step	Action
1	<p>Traveler maintains required receipts.</p> <ul style="list-style-type: none"> ◆ All airfare, hotel, and rental cars require a receipt. ◆ Any item not procured using the VISA travel card will require a receipt, regardless of amount. ◆ Receipts for expenses other than hotels and rental cars under \$75 are not required. <p>Note: With electronic tickets, the airfare receipt has changed. A copy of the itinerary with the airfare cost should be used.</p>
2	<ul style="list-style-type: none"> ◆ Traveler receives a statement from the bank each month and attaches receipts maintained in step 1 to the statement ◆ Traveler notes the business purpose behind each item.
3	<p>Traveler ensures meal receipts follow these guidelines:</p> <ul style="list-style-type: none"> ◆ Any meals for more than one person should have the others in attendance noted. ◆ Meals and entertainment where fewer than 10 people are in attendance should be totaled and noted on the last page of the charge statement. <p>Note: For meals with 10 or more persons, the IRS deductibility does not apply, so they should not be included in the meals and entertainment total.</p>

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Step	Action
4	<p>Traveler:</p> <ul style="list-style-type: none"> ◆ Signs the statement ◆ Includes a check made payable to the Company for any personal items ◆ Forwards statement to his/her supervisor for approval <p>Note: All signed VISA travel statements must be submitted to Accounting for processing within 2 months (example: January statements must be submitted by the time that March statements are distributed). Failure to do so will result in the card being placed on credit hold.</p>
5	Company pays VISA directly.

Reimbursable items not charged on VISA travel card

Since most travel expenses will be charged to the VISA travel card, the reimbursement cycle for all other items will be on a period basis. All expenses not on the VISA travel card should be reported on a Travel and Expense report form signed by the traveler's supervisor and a receipt submitted for all items.

These forms should be submitted to Accounting no later than 4:30 PM on Wednesday of Week 4 of the reporting period in order to be reimbursed in that cycle. The expenses will be reimbursed the following week.

Approving manager's responsibilities

Expense reports and corporate VISA travel card statements must be reviewed by the person approving the employee's travel before being submitted to accounting.

Note: Both the traveler and the person(s) responsible for approving the traveler's expenses are held responsible for reporting,

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documenting, and complying with the provisions outlined in both this policy and policy 3.3 Travel, Expenses, and Advances*.

Travel reimbursement is subject to examination at any time by the Company's Internal Audit department and the Internal Revenue Service.

The approving manager must carefully verify all details listed on the traveler's expense report, including trip purpose, dates, math, and receipts. Once the information is verified, the manager should—

- ◆ Sign the expense report,
- ◆ Print his/her name and title in the space provided, and
- ◆ Forward Business Expense Statements to the Travel Desk in Accounts Payable (04002/34T)
- ◆ Forward VISA Card Statement Reconciliation forms to the Travel Card in Finance (04002/35O)

Note: Managers should never return a signed expense report to the traveler.

When to submit expense reports

To maintain both effective and timely reporting, a *Business Expense Statement/Settlement* (M344) must be sent to Accounts Payable each period. Only one statement should be submitted for each period, even if more than one trip was taken by an employee.

The expense statement reflects the expenses incurred during the first three weeks of the current period and the fourth week of the previous period. The expense period ending dates for the current year are marked on the back of the business expense form.

Not filing expense statements

If an employee does not report the incurred expense within 60 days from the end of the trip, any expense advance received is deducted from the employee's paycheck.

Expense statement auditing

As part of our ongoing audit program, the Corporate Audit department reviews many employee expense reports each period. The purpose of this review is to ensure compliance with the guidelines stated in corporate policy 3.3 *Travel, Expenses, and Advances**. These guidelines are designed to help the employee travel safely and comfortably while providing a reasonable measure of cost control.

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Questions related to traveling expenses

Refer to corporate policy 3.3 *Travel, Expenses, and Advances** for further information on travel expenses.

FredMeyer**3.5 Associate Discount**

(8/05)

Statement

Fred Meyer provides associates and their immediate family members discount privileges when shopping for store merchandise. The associate discount is 10 percent off the selling price of merchandise, including sale and clearance merchandise, and applies to the following divisions/departments:

- ◆ Home
- ◆ Apparel
- ◆ Jewelry
- ◆ Home Electronics
- ◆ Nutrition

Effective date

This policy is effective immediately and supersedes any previous policies regarding associate discounts.

Policy owner

Route all policy questions and suggested updates to the Group Vice President, Human Resources.

Violation of this policy

Associates who violate this policy will be subject to disciplinary action up to and including termination. It is a violation of Company policy to use an associate discount benefit for churches, friends and/or other organizations that are not part of the associate's dependent family living in his/her household.



Scope and definition

For the purposes of this policy, *immediate family member* is defined as **a spouse or a domestic partner, and dependent children living at home.**

Immediate Family Member definitions:

Spouse: Married (husband/wife)

Domestic Partner: Involved in a cohabitation rather than a marital relationship, whether same or opposite sex.

Dependant children living at home: Children, living at home, which are declared as dependents.

This policy applies to each of the following and their immediate family members:

- ◆ Fred Meyer Stores associates
- ◆ Fred Meyer Credit Union associates
- ◆ Daymon associates who work at the Fred Meyer Main Office
- ◆ Vanguard associates who work at the Fred Meyer Main Office
- ◆ Fred Meyer retirees, defined as:
 - Associates having a minimum of 10 consecutive years of service with Fred Meyer immediately preceding their retirement and having reached age 60, and/or
 - Associates whose age and consecutive years of service with Fred Meyer immediately preceding their retirement total 70, and/or
 - Associates who become permanently disabled while working at Fred Meyer having a minimum of 20 consecutive years of service with Fred Meyer immediately preceding the permanent disability and are required to retire as a result of their disability

Eligibility

Associates are eligible for discount privileges upon receipt of their **Employee Rewards Card(s)**. New-hire associates are eligible to receive an associate discount on selected items prior to receiving their **Employee Rewards Card(s)**. (Contact the manager or HRA/HRC for specific information.)

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Employee Rewards Cards

Fred Meyer associates receive their ***Employee Rewards Card(s)*** within 2-3 weeks of their hire date. (See Figure 1.)

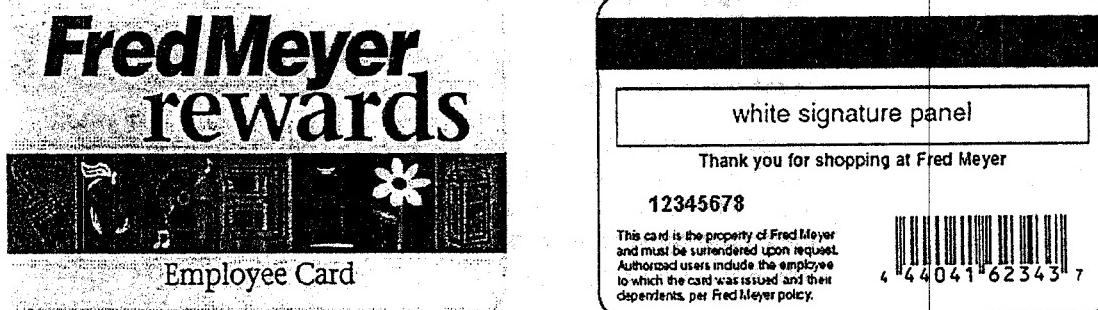


Figure 1: Sample ***Employee Rewards Card***

Replacement for lost cards

If an ***Employee Rewards Card*** is lost, the associate must ask their direct manager to request a replacement card. Due to the cost of producing the electronic ***Employee Rewards Card***, a fee of \$5.00 per request will be assessed on cards lost by associates.

Note: During the replacement period of the ***Employee Rewards Card***, the associate will be unable to utilize their associate discount.

Dependent status change

If an associate requests a new ***Employee Rewards Card*** due to a change in dependent status (i.e. spouse or co-dependent household member) and now needs two ***Employee Rewards Cards***, there is no charge to the associate.

Note: Unlike lost ***Employee Rewards Cards***, the associate's current ***Employee Rewards Card*** will not be deactivated during the wait period for the second ***Employee Rewards Card***.



Using the Employee Rewards Card

For identification purposes, associates should immediately sign the back of the ***Employee Rewards Card***.

Associates and immediate family members must present the signed card to the cashier at the time of purchase to receive the associate discount.

Associates will not be reimbursed for the associate discount after the purchase even if they return later with the ***Employee Rewards Card***.

Associates may not use their ***Employee Rewards Card*** when purchasing Company supplies (for example: food and/or supplies for associate events). Likewise, when traveling, associates may not use their ***Employee Rewards Card*** when purchasing meals at Fred Meyer that are corporately expensed.

The table below lists some commonly asked questions and answers:

Question	Answer
<i>Does my associate discount apply to Fred Meyer sale or clearance merchandise?</i>	Yes. Your discount applies to all eligible merchandise at regular, sale, or clearance prices.
<i>Am I eligible for a discount before I receive my Employee Rewards Card?</i>	Yes. You are eligible for an associate discount on ALE items by using the New-Hire Associate Discount Coupon. Please contact your manager, HRA or HRC for details.
<i>If I forgot my Employee Rewards Card, can I be reimbursed the discount amount later?</i>	No. You must have your <i>Employee Rewards Card</i> at the time of the purchase to receive your discount.
<i>Can I let a dependent child, away at school, use my Employee Rewards Card?</i>	No. The discount only applies to children living at home.
<i>If I find an item priced less at a competitor and the manager matches the competitor's price, can I use my associate discount too?</i>	No. In competitor price matching situations, you may take either the competitors' price or your associate discount, but not both.
<i>Can I use my discount on merchandise that has been price matched to another Fred Meyer store?</i>	Yes. You may use your associate discount when the merchandise price has been lowered to match the price at another Fred Meyer store within your local community.
<i>Continued on the next page...</i>	

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Question	Answer
<i>Can I use my associate discount to purchase items other than gifts for my friends, church, or other organizations I belong to?</i>	No. Your associate discount is intended for associate or dependent family member purchases only.
<i>Can I use my Employee Rewards Card to purchase items and then sell those items for personal gain? (i.e. Place them for sale on e-bay)</i>	No, your associate discount is intended for you and your dependent family members usage and not for resale.
<i>If I lose my card and request a replacement, is there a temporary card I can use until my new card arrives?</i>	No. Associates who lose their card will have to wait until their new Employee Rewards Card arrives to take advantage of the associate discount. (May take up to three weeks.)
<i>If I add a dependent, do I need to pay the \$5.00 replacement fee?</i>	No. Change of dependent status does not require the fee to be paid.
<i>Can I request a 3rd or 4th Employee Rewards Card for additional dependents?</i>	No. Two Employee Rewards Cards per associate is the maximum.
<i>I have a roommate, can they use my Employee Rewards Card?</i>	No. The discount only applies to a spouse or a domestic partner.
<i>I am 18 years old, but still live with my parents. Can they use my Employee Rewards Card?</i>	No. As your parents are not your dependent children, they are ineligible to use your discount.

Returns

When returning merchandise, associates and their family members are obligated to identify themselves and let the store associate know if the returned merchandise was purchased with an **Employee Rewards Card**.



Special discount days

Periodically special discount days are extended to associates, such as the double discount days before the holidays. Unless otherwise stated—

- ◆ The special discount is valid only on the specific day(s).
- ◆ *Prior purchases are not eligible for adjustments*—merchandise must be purchased on the day(s) specified.
- ◆ Merchandise cannot be "reserved" off the sales floor for associates to purchase later.

If merchandise purchased during a special discount day is advertised at a lower price within 30 days of purchase, the associate is entitled to a price adjustment. For example, a television priced at \$299.99 purchased on a double discount day would be \$239.99. If the television was advertised for \$249.99 within 30 days, the associate would be entitled to a \$15 credit (\$249.99 minus the regular 10 percent associate discount equals \$224.99).